

FISCAL NOTE

Bill #: HB0491

Title: Monitor water when facilities discharge coal bed methane-produced water

Primary Sponsor: Bixby, N

Status: As Introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
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Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$95,434	\$88,678
Revenue:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	(\$95,434)	(\$88,678)

- | | |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Environmental Quality (DEQ)

1. There are currently three facilities permitted to discharge Coal Bed Methane (CBM) produced water in Montana. There is no accurate method to predict the number of facilities that may be permitted in the next two years. For purposes of this analysis, the Department of Environmental Quality assumes that one new facility will be located in the Tongue River drainage and subject to the monitoring requirements of this bill but no more than one would be located in any new water body drainage (Powder River, Rosebud Creek). A total of four facilities would require monitoring under this bill. This bill does not affect facilities located on an Indian reservation.
2. In accordance with state and federal guidance, existing CBM permits require monitoring of parameters on either a continuous, daily, weekly, monthly and/or semi-annual basis depending on the type, nature and expected variability of the individual parameter. For purposes of this analysis, the department assumes that the parameters regulated in the discharge will be monitored on either a monthly or semiannual basis in accordance with existing discharge permits. The department assumes that the permittee will be required to continue the monitoring prescribed in their current discharge permit.
3. The number of outfalls (permitted discharge locations) varies from one to sixteen outfalls per permit; further, some discharges are routed through treatment and some are not. For purposes of this analysis, the department assumes that in situations where there are multiple outfalls for a permitted operation, half of

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the outfalls will be sampled in a given month. However, monthly sampling will be conducted for outfalls of discharges routed through a wastewater treatment plant.

4. The bill requires that flow be monitored. In order to monitor flow independently, the department would need to install equipment within the operation's piping. This would be cost prohibitive and may interfere with operations. Due to the nature of the equipment necessary for flow monitoring, the department will not independently measure flow but will verify the permittee's flow monitoring equipment, in accordance with the latest procedures described in the Environmental Protection Agency's (EPA) National Pollutant Discharge Elimination System Compliance Inspection Manual (US EPA, 2004). This work would be included in contractor work described in number 5.
5. All field work will be done by a contractor; field sampling will be completed in five days (one day prep and four days field), one trip per month, which includes travel up to 100 miles from the office. Annual cost is \$14,400 (\$30/hr x 40 hr x 12 week/yr). Salary for contracted technical field personnel is assumed to be roughly equivalent to Pay Band 6.
6. All samples would be analyzed at a commercial laboratory. Annual cost for monthly samples is \$16,320 (\$340/month/facility x 4 facilities x 12 months) and for semi annual samples \$18,400 (\$4,600/year x 4 facilities). Total analytical cost is \$34,720.
7. A 0.50 FTE environmental specialist located in Helena would be required to oversee the analytical monitoring data and manage the contract. Personal services cost are \$26,572 in FY 2006 and \$26,505 in FY 2007. Operating expenses total of \$68,862 in FY 2006 and \$62,173 in FY 2007 including contracting costs (assumption # 5), laboratory costs (assumption # 6), office and field supplies, communications, travel, rent, and indirect costs.
8. As the bill does not provide a funding source, general fund is assumed to fund these duties.

FISCAL IMPACT:

	FY 2006 <u>Difference</u>	FY 2007 <u>Difference</u>
FTE	0.50	0.50
<u>Expenditures:</u>		
Personal Services	\$26,572	\$26,505
Operating Expenses	<u>\$68,862</u>	<u>\$62,173</u>
TOTAL	\$95,434	\$88,678
<u>Funding of Expenditures:</u>		
General Fund (01)	\$95,434	\$88,678
TOTAL		
<u>Revenues:</u>		
General Fund (01)	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$95,434)	(\$88,678)

LONG-RANGE IMPACTS:

There are currently 550 wells producing CBM in Montana. The Montana statewide oil and gas environmental impact statement (April 2003) predicted up to 19,000 wells could potentially be located in Montana. The department will monitor CBM activity and could come to future legislatures with requests for additional FTE as workload increases.